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2007 JAN 23 A 9: 55

AZ CORP COMMISSION
DOCUMENT CONTROL

Transcript Exhibit(s)

Docket #(s): W-01445A-04-04S3

Exhibit # A1, S1-S2,

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RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

2006 DEC -8 P 3: 20

COMMISSIONERS

JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, TO EXTEND
ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY AT
COOLIDGE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-04-0453

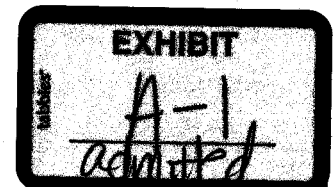
**CERTIFICATE OF FILING OF
TESTIMONY AND EXHIBITS**

Arizona Water Company is today filing the testimony and exhibits of its witness
Michael J. Whitehead.

RESPECTFULLY SUBMITTED this 8th day of December 2006.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
Arizona Water Company
P. O. Box 29006
Phoenix, AZ 85038



1 Original and thirteen (13) copies of the foregoing filed this 8th day of December 2006
2 with:

3 Docket Control Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 A copy of the foregoing was hand-delivered this 8th day of December 2006 to:

8 Honorable Yvette B. Kinsey
9 Administrative Law Judge
10 Hearing Division
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, AZ 85007

14 And a copy of the foregoing was mailed this 8th day of December 2006 to:

15 Christopher Kempley, Chief Counsel
16 Legal Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Ernest G. Johnson
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 By: Robert W. Meake
26
27
28

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

3 **COMMISSIONERS**

4 Jeff Hatch-Miller - Chairman
5 William A. Mundell
6 Mike Gleason
7 Kristin K. Mayes
8 Barry Wong

9 IN THE MATTER OF THE APPLICATION
10 OF ARIZONA WATER COMPANY FOR AN
11 EXTENSION OF ITS CERTIFICATE
12 OF CONVENIENCE AND NECESSITY
13 AT CASA GRANDE COOLIDGE, PINAL
14 COUNTY, ARIZONA

DOCKET NO. W-01445A-04-0453

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16

17 **Direct Testimony**

18 **of**

19 **Michael J. Whitehead**

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ARIZONA WATER COMPANY

Direct Testimony of

Michael J. Whitehead

Q. WHAT ARE YOUR NAME, EMPLOYER AND OCCUPATION?

A. My name is Michael J. Whitehead. I am employed by Arizona Water Company (the "Company") as Vice President — Engineering.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE AND EDUCATIONAL BACKGROUND.

A. I was employed by Arizona Water Company in September 1980 as an Engineer. I was promoted to Senior Engineer in 1985, Engineering Manager in 1989, and in 1996 to Vice President - Engineering.

I completed my college degree at Arizona State University and received a B.S.M.E. I became a Certified Professional Engineer in 1985. I am currently a member of the American Water Works Association.

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2
3 A. A November 17, 2006 Procedural Order in this matter directed the
4 Company to file pre-filed testimony discussing why certain time period
5 deadlines established in Decision No. 67439, dated December 3, 2004
6 (the "Decision") should be extended. I will also describe the Company's
7 and the developer's efforts to meet the requirements in the Decision and
8 the status of those efforts.
9
10

11
12 Q. PLEASE DESCRIBE THE REASON FOR THE COMPANY'S
13 APPLICATION THAT LED TO THE DECISION.
14

15
16 A. The Company filed the Application in this case to expand its Coolidge
17 Certificate of Convenience and Necessity ("CCN") to provide public utility
18 water service after receiving requests for water service from property
19 owners in the area. One request was from Everett Lee; the other from
20 Omega Management Services, Inc. ("Omega"). Mr. Lee's property is
21 located in Pinal County in the South Half of Section 12, Township 5 South,
22 Range 8 East. Mr. Lee requested water service from the Company for an
23 existing mobile home park. After the Commission issued the Decision
24 expanding the Company's CCN, Mr. Lee made arrangements with the
25 Company to receive service from a water main being constructed pursuant
26 to a Main Extension Agreement with Mark Brinton, whose property is
27
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1 located in the Northwest Quarter of Section 13, Township 5 South, Range
2 8 East. Both properties were included in the Application and in the
3 Decision expanding the Company's CCN. Omega requested the Company
4 to include its property in the Company's CCN and to provide public utility
5 water service to Omega's master planned development known as "Verona"
6 (previously known as "Cole Farms"), located in Sections 6 and 7 of
7 Township 6 South, Range 8 East.
8

9
10 In addition, Sections 9 and 10 in Township 5 South, Ranges 8 and 9 East,
11 respectively, were also included in the Application and added to the
12 Company's CCN because the Company already serves customers in those
13 sections, and the Company has water system facilities in Section 10.
14
15

16
17 **Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR DIRECT**
18 **TESTIMONY?**
19

20
21 **A.** Yes. I am sponsoring two exhibits (Exhibits MJW-1 and MJW-2) which are
22 attached to my testimony. MJW-1 is a May 20, 2005 letter from the Arizona
23 Corporation Commission approving a Main Extension Agreement between
24 Arizona Water Company and Mark D. Brinton. MJW-2 is an Arizona
25 Department of Environmental Quality ("ADEQ") Certificate of Approval to
26 Construct dated April 7, 2005. These documents are from the business
27 records and files of the Company and are of the type regularly kept in the
28

1 course of our business activity as part of our regular practice, or were
2 prepared directly by me or my staff.
3

4
5 **Q. WHAT TIME PERIOD DEADLINES ARE YOU REFERRING TO?**
6

7 **A.** The Decision granted the Company's application for an expansion of its
8 CCN for its Coolidge system with the following conditions:
9

- 10
- 11 • That the Company file with Docket Control the main extension
12 agreement associated with the proposed extension area within 365
13 days of the effective date of any Decision in this matter.
14
 - 15 • That the Company file with Docket Control a copy of the ADEQ
16 Certificate of Approval to Construct within 365 days of the effective
17 date of any Decision in this matter.
18
 - 19 • That the Company file a copy of the developer's Certificate of
20 Assured Water Supply, where applicable or required by statute,
21 within 365 days of the effective date of any Decision in this matter.
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1 Q. DID THE COMPANY COMPLETE ANY ARRANGEMENTS FOR
2 PROVIDING WATER SERVICE TO PROPERTY IN THE NEW CCN
3 AREA?
4

5
6 A. Yes. The Company entered into a main extension agreement with Mr.
7 Brinton, a developer in the CCN area approved in the Decision. The
8 Company also applied for and received an ADEQ Certificate of Approval to
9 Construct for the water main that will be used to serve Mr. Brinton's
10 development and that will also be used to provide water service to Mr.
11 Lee's property. Copies of these documents are attached to my testimony
12 as Exhibits MJW-1 and MJW-2 as previously described.
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15
16 Q. PLEASE DESCRIBE THE STEPS OMEGA HAS TAKEN TO START THE
17 VERONA DEVELOPMENT.
18

19 A. In preparation for my testimony, the Company's Engineering Department
20 contacted Jim Boyden, Omega's project manager for the Verona
21 development. Mr. Boyden informed the Company that:
22

- 23
24 1. Since 2004, Omega has sought, and on June 12, 2006, finally
25 succeeded in having the Verona development annexed into the City
26 of Coolidge.
27
28

1 2. Omega has been pursuing its application for, and was recently told
2 that it will receive, a Certificate of Assured Water Supply from the
3 ADWR, perhaps before December 31, 2006.

4
5 3. Omega deferred application for an ADEQ Certificate of Approval to
6 Construct for Verona until:

7
8 a. The property was annexed by Coolidge;

9
10 b. It receives a Certificate of Assured Water Supply; and

11
12 c. It has a final, approved subdivision plat.

13
14
15 4. Omega will enter into a main extension agreement with the
16 Company following Omega's receipt of the ADEQ Certificate of
17 Approval to Construct.
18

19
20 **Q. WHY HAS OMEGA BEEN UNABLE TO OBTAIN AN ADEQ**
21 **CERTIFICATE OF APPROVAL TO CONSTRUCT, A CERTIFICATE OF**
22 **ASSURED WATER SUPPLY AND ENTER INTO A MAIN EXTENSION**
23 **AGREEMENT FOR THE VERONA DEVELOPMENT WITHIN THE TIME**
24 **PERIOD IN THE DECISION?**
25

1 A. Since the Decision was entered on December 3, 2004, Omega has been
2 taking steps required to develop its property and meet the deadlines, as I
3 described in my previous answer. I must point out that the time needed
4 (since 2004 in some cases) to meet such deadlines is not unusual,
5 because the development process is always time consuming and
6 complicated. Throughout this time, Omega remains determined to develop
7 its property, and continues to rely on the Company to provide the
8 necessary water service.
9
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13 Q. IN YOUR EXPERIENCE, MR. WHITEHEAD, WHAT DO THE
14 FOREGOING ACTIONS BY OMEGA SHOW?
15
16

17 A. It demonstrates that Omega has been diligently pursuing its plans for the
18 Verona development since 2004. It also demonstrates that Omega is
19 making satisfactory progress to obtain the certificates and documents the
20 Commission requires pursuant to the conditions in the Decision detailed
21 above, and that Omega should soon be able to complete some, if not all of
22 the requirements. Again, it also illustrates the time-consuming nature of
23 the development process, and that the developer's need for the
24 Company's commitment to provide water service remains the same,
25 irrespective of how long it may takes to complete the governmental
26 processes required before the Verona development can get underway.
27
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1 Q. WHAT IS THE STATUS OF MR. LEE'S DEVELOPMENT?

2

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4 A. Mr. Lee's property contains an existing mobile home park. Water service
5 will be extended to his property and a fire hydrant will be installed for public
6 health and public safety purposes. Mr. Lee does not plan to subdivide his
7 property

8

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10 Q. WHAT DOES THIS MEAN CONCERNING MEETING THE DECISION'S
11 DEADLINES WITH RESPECT TO MR. LEE'S PROPERTY?

12

13

14 Because the main extension to Mr. Brinton's property also will be used to
15 provide water service to Mr. Lee's mobile home park, there is no need for a
16 separate main extension agreement or ADEQ Certificate of Approval to
17 Construct for Mr. Lee's property. Also, as Mr. Lee is not planning to
18 subdivide his property, under Arizona law, A.R.S. 45-576, a Certificate of
19 Assured Water Supply is not necessary for Mr. Lee's property, as a
20 certificate is required only for land being subdivided within an active
21 management area, which is not the case with Mr. Lee's property.

22

23

24 Q. WHAT IS YOUR RECOMMENDATION TO THE COMMISSION?

25

26

27 A. Since it is clear, as demonstrated by my testimony and exhibits, that the
28 Company and Omega have made significant progress toward satisfying
the Decision's conditions, (and the applicable conditions are already

1 satisfied concerning water service to Mr. Lee's property), the Commission
2 should approve the Company's request to extend the time for completing
3 the certificates and main extension agreement for the Verona development
4 for an additional year, to December 31, 2007. Not extending the time
5 would be harmful and undermine Omega, which has expended a
6 significant amount of time, effort, and money to develop Verona in reliance
7 on the Company's commitment to provide water service in accordance with
8 the CCN expansion approved in the Decision. As my testimony shows,
9 Omega has diligently pursued those efforts but the time required for
10 Omega to complete all of the various governmental agency approvals
11 required for the development and the time required to obtain the
12 certificates and to enter into the main extension agreement is not within
13 Omega's or the Company's control.
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18 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?
19

20 A. Yes, it does.
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MJW-1

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



BRIAN C. McNEIL
Executive Secretary

ARIZONA CORPORATION COMMISSION

May 20, 2005

Brinton
2-3728
Proposed

Mr. James T. Wilson
Arizona Water Company
Post Office Box 29006
Phoenix, Arizona 85038-9006

Dear Mr. Wilson:

The enclosed Main Extension Agreement between Arizona Water Company – Coolidge and Mark D. Brinton has met the provisions of A.A.C. R14-2-406, or company approved tariffs, and is approved, excepting those provisions, if any, not within the jurisdiction of the Arizona Corporation Commission.

A copy of this agreement will remain on file in the Utilities Division's Central Files.

Sincerely,

Bradley G. Morton

Bradley G. Morton
Public Utilities Consumer Service Analyst II
Utilities Division

BGM:cal

Enclosures

cc: Brian Bozzo



ARIZONA WATER COMPANY

448 W. Central Ave.
P.O. Box 1568
Coolidge, AZ. 85228
Voice: 520.723.5346
Fax: 520.723.3081

AGREEMENT FOR EXTENSION WATER FACILITIES

CUSTOMER: Mark D. Brinton

Name

P.O. Box 145

Address

Valley Farms, AZ. 85291

City and State

Zip Code

Contract No. 3330

W.A. No. 2-3728

DATE OF AGREEMENT August 12, 2004

CONSTRUCTION START: Approximately 15 days after receiving all material and obtaining all necessary permits and approvals.

PROJECT COMPLETION: Estimated to be within 60 (sixty) days from the start date.

DATE OF COST ESTIMATE (Attachment "A"): August 12, 2004

WATER SYSTEM: Coolidge

WATER FACILITIES: Install approximately 10,560 LF of 12" C-900 north along Attaway Road, then west along Highway 287 at Coolidge, AZ. in a portion of Sec. 30 T.5S., R.8E. Per DWG CL-255 as per drawing (Attachment "B").

REFUNDABLE ADVANCE

IN AID OF CONSTRUCTION for: Install 10,560 LF of 12" C-900 pipe w/related fittings

\$ 320,000

NON-REFUNDABLE CONTRIBUTION for: Install 1-6" fire hydrant w/related fittings

\$ 3,000

AGREEMENT TOTAL

\$ 323,000

LESS: MAIN EXTENSION DEPOSIT RECEIVED

BALANCE DUE

\$ 323,000

THIS AGREEMENT is made and entered into by and between ARIZONA WATER COMPANY, an Arizona corporation, (hereinafter called the "Company"), and the Customer as above. In consideration of the services to be performed by the Company and the sums of money to be paid by the Customer, in accordance with the related Cost Estimate agreed as follows:

- The Company will construct, or will arrange for the construction of the Water Facilities as described above.
- The Customer will pay to the Company upon signing this Agreement the Total shown above, receipt of which is hereby acknowledged by the company. The Total shown above to be paid by the customer to the Company is the Company's estimated cost of construction of the Water Facilities. The Company will determine and inform the Customer of the actual cost of construction within sixty (60) days after the completion of construction or the Company's receipt of all invoices and charges related to the construction. If the Company's actual cost of construction is less than the Total amount paid, the Company will refund the difference to the Customer; conversely, if the Company's actual cost of construction is more than the Total amount paid, the Customer shall pay the difference to the Company within sixty (60) days of receipt of an invoice from the Company. However, if the actual cost is more than five percent (5%) greater than the Total amount paid, the Customer will only be required to pay five percent (5%) more than the amount paid, unless the Company can demonstrate that the increased costs were beyond its control and could not be foreseen at the time the estimate for the Total amount paid was made. The Company and the Customer further agree that the amount subject to refund pursuant to paragraph 3 of this Agreement shall be the refundable portion of the Company's actual cost of construction. Information about the actual cost of construction will be attached to this Agreement and forwarded to the Customer.
- Refunds of any advances in aid of construction shall be made as follows: Each year for a period of 10 years the Company shall pay to the Customer or the Customer's assign or successor in interest, provided the Company has first received written notice and evidence of such assignment or succession and approved of same, an amount equal to one percent of the total gross annual revenue received by the Company from water sales to each bona fide customer whose service line is directly connected to pipelines installed pursuant to this Agreement. Refunds shall be made by the Company on or before August 31 of each year, covering any water revenues received during the preceding July June 30 period. Any balance remaining subject to refund at the end of the 10-year period shall become non-refundable. Aggregate refunds shall in no event exceed the total refundable advance in aid of construction received from the Customer. No interest shall be paid by the Company on any amounts paid hereunder.
- All Water Facilities installed under this Agreement shall be the sole property of the Company, and the customer shall have no right, title or interest in or to any such facilities.
- The size, design, type and quality of materials and of the system, location and manner of installation, shall be specified by the Company and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein.
- The Customer agrees to furnish to the Company adequate and recordable easements and required surveying necessary to serve each parcel or lot within the Customer's subdivision, tract, development, or project.
- The Customer agrees that all easements and rights-of-way shall be free of obstacles which may interfere with the construction of the Company's Water Facilities. If the Customer's subdivision, tract, development, or project involves road construction, all roads and drainageways will be brought to grade by the Customer prior to commencement of the installation of the Company's Water Facilities. No pavement or curbs shall be installed prior to completion of all Water Facilities. If any street, road, alle or drainageway is installed at a different grade or location after the beginning of the installation of Water Facilities, the Customer shall bear all costs incurred by the Company to relocate the Water Facilities as a result of said facilities having improper cover or location. Such costs shall be non-refundable.
- The Customer agrees to pay to the Company any additional costs incurred as a result of design changes made or caused by the Customer or its employees, agents, servants, contractors or subcontractors, the Arizona Department of Environmental Quality, the Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or un-anticipated changes in existing Company facilities, due to any work associated with the subdivision, tract, development or project which causes said facilities to have improper cover or location.
- This Agreement shall be binding upon and for the benefit of the successors and assigns of the Company and the Customer. No assignment or transfer of this Agreement by the Customer shall be binding upon the Company or create any rights in the assignee until such assignment or transfer is approved and accepted in writing by the Company.
- This Agreement, and all rights and obligations hereunder, including those regarding water service to the Customer, are subject to the Arizona Corporation Commission's "Rules and Regulations Relating to the Operation of Domestic Water Utility Companies" and the Company's tariff schedule TC-243, "Terms and Conditions for the Provision of Water Service."

ARIZONA WATER COMPANY
Company

Date Approved: 5-20-05

MARK D. BRINTON

Customer

By: [Signature]

Decision No.: _____

Director of Utilities

By: [Signature]

Title: [Signature]
RGM

Arizona Corporation Commission

Title: [Signature]

By: Mark D. Brinton

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
DRINKING WATER FACILITIES

Page 1 of 2

ADEQ FILE NO.: 20030590		LTF NO.: 31544	
SUPPLYING SYSTEM NAME: Arizona Water Company		PUBLIC WATER SYSTEM NO.: 11-014	
PROJECT NAME: Mark Brinton Water Line			
PROJECT OWNER: Arizona Water Company			
ADDRESS: P. O. Box 29006, Phoenix, AZ 85038-9006			
LOCATION: HWY 287 and Attaway Rd., Coolidge		COUNTY: Pinal	
PROJECT DESCRIPTION: Install drinking water distribution extension on Attaway Rd. and HWY 287 to serve future development in the area. Project consist of the installation of approx. 10,560 LF of 12-inch DIP waterline and related fittings.			

Approval to Construct the above-described facility as represented in approved plan documents on file with the Arizona Department of Environmental Quality is hereby given subject to the following provisions:

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion, and forward it to the ADEQ's Southern Regional Office - Tucson. If all requirements have been completed, that office will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department *may* conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.

Provisions 3 through 5 are continued on Page 2 of 2 total pages

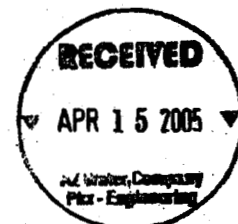
KA:MAH:mah
30590dbm.54t

By: Kwame Agyare
Kwame Agyare, P.E., Acting Manager
Technical Engineering Unit
Drinking Water Section
Water Quality Division

4/07/05

Date Approved

cc: File No: 20030590, 31544
County Health Department: Pinal
Drinking Water Field Engineering/Inspection Unit - Phoenix
Planning & Zoning: Pinal County
Michael Whitehead, Arizona Water Company
Larry B. Hansen, P.E.
Engineering Review Database
Romann Diaz, Manager, Field Service Unit



CERTIFICATE OF APPROVAL TO CONSTRUCT DRINKING WATER FACILITIES:
ADEQ FILE NO. 20030590: MARK BRINTON WATER LINE EXTENSION
PAGE 2 OF 2: PROVISIONS, CONTINUED

3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.
5. Before construction of a modification, expansion, or alteration of this distribution system begins, a separate Approval to Construct applicable to each addition must be obtained. R18-5-505(B), Ariz. Admin. Code.



ORIGINAL

MEMORANDUM

RECEIVED

30mo

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

2006 SEP -1 A 10: 58

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

SEP 01 2006

DATE: September 1, 2006

DOCKETED BY

WLL

RE: ARIZONA WATER COMPANY REQUEST FOR ADDITIONAL TIME TO
COMPLY WITH A FILING REQUIREMENT. (DOCKET NO. W-01445A-04-0453)

Decision No. 67439, dated December 3, 2004, approved the application of Arizona Water Company ("Arizona Water") for an extension of its Certificate of Convenience and Necessity ("CC&N") for its Coolidge system. The Decision ordered Arizona Water to file a copy of the developer's Certificate of Assured Water Supply "where applicable or when required by statute", the main extension agreement associated with the extension area and a copy of the ADEQ Certificate of Approval to Construct, all within 365 days of the effective date the Decision.

Arizona Water has already received one extension of time to comply with the Decision. On August 25, 2005, a Procedural Order was filed granting Arizona Water's request for a 365-day extension based upon the developer's "unexpected delays in planning and financing its development."

On August 16, 2006, Arizona Water requested a second 365-day extension. This request is based upon Arizona Water's discussions with developer representatives who have indicated that progress has been made toward development and that the Certificate of Assured Water Supply will be issued to the developer in the "very near future". After receipt of that certificate, the developer will be able to enter into a Main Extension Agreement and obtain a Certificate of Approval to Construct.

Staff has reviewed the request and has no objections to the requested extension of time to comply with the Decision until December 31, 2007.

Staff realizes that water utilities have little or no control over the pace at which a development progresses. However, Staff is concerned about granting CC&N extensions when there is no current need for service to utilities or when a land owner or developer has no purpose in requesting an extension other than to increase the value of the property. This same concern arises when a utility asks for extensions of time to comply with Commission decisions which granted CC&N extensions to serve areas proposed to be developed. Therefore, Arizona Water should be on notice that if it finds it necessary to file for another time extension to comply with Decision No. 67439, Staff will request that it also file a statement from the developer indicating the reason for the developer's inability to meet the deadlines originally set by the Commission and accepted by Arizona Water.

EGJ:LAJ:mfm

Originator: Linda Jaress

EXHIBIT

S-1
admitted

ORIGINAL
BEFORE THE ARIZONA CORPORATION COMMISSION


2006 AUG 16 P 1:37

COMMISSIONERS

Jeff Hatch-Miller - Chairman
William A. Mundell
Mike Gleason
Kristin K. Mayes
Barry Wong

AZ CORP COMMISSION
DOCUMENT CONTROL
Arizona Corporation Commission
DOCKETED

AUG 16 2006

DOCKETED BY	
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DOCKET NO. W-01445A-04-0453

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY FOR
AN EXTENSION OF ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY
AT COOLIDGE, PINAL COUNTY,
ARIZONA

REQUEST FOR ADDITIONAL TIME TO
COMPLY WITH FILING REQUIREMENT

On December 3, 2004, the Commission entered Decision No. 67439 in the above-captioned docket. Decision No. 67439 approved the Company's application for an extension of its Certificate of Convenience and Necessity for its Coolidge system. On August 25, 2005 the Commission entered a procedural order that approved the Company's request for an additional 365 days, until December 3, 2006 to file a copy of the developer's Certificate of Assured Water Supply, a Main Extension Agreement, and an Arizona Department of Environmental Quality Certificate of Approval to Construct.

Since August 25, 2005, the Company has had several discussions with developer representatives. The developer's progress on its development has progressed to a point where the Company believes that the developer's Certificate of Assured Water Supply will be issued to the developer in the very near future, and that the developer will be in a position to enter into a Main Extension Agreement and obtain a Certificate of Approval to Construct no later than December 3, 2007.

1 For these reasons, the Company requests that it be given an additional 365
2 days, until December 3, 2007 to file a copy of the Developer's Certificate of Assured
3 Water Supply, a Main Extension Agreement, and a Certificate of Approval to Construct.
4 This request should not prejudice any other party, as the Company was the only
5 applicant for a Certificate of Convenience and Necessity for the Cole Farms (now
6 Verona) development.

7 RESPECTFULLY SUBMITTED this 15th day of August, 2006.

8 ARIZONA WATER COMPANY

9
10 By: Robert W. Geake

11 Robert W. Geake
12 Vice President and General Counsel
13 ARIZONA WATER COMPANY
14 Post Office Box 29006
Phoenix, Arizona 85038-9006

15 Original and thirteen (13) copies of the foregoing filed the 15th day of August, 2006 with:

16 Docket Control Division
17 Arizona Corporation Commission
1200 West Washington Street
18 Phoenix, Arizona 85007

19 A copy of the foregoing was mailed this 15th day August, 2006 to:

20 Christopher Kempley, Chief Counsel
21 Legal Division
Arizona Corporation Commission
1200 West Washington Street
22 Phoenix, Arizona 85007

23 Ernest G. Johnson, Director
24 Utilities Division
Arizona Corporation Commission
1200 West Washington Street
25 Phoenix, Arizona 85007

26
27 By: Robert W. Geake

FILE COF /

LEGAL

MEMORANDUM

RECEIVED

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

RECEIVED

DEC 19 2006

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

2006 DEC 18 P 2:16

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: December 18, 2006

RE: RESPONSIVE STAFF REPORT FOR THE APPLICATION OF ARIZONA
WATER COMPANY FOR AN EXTENSION OF TIME TO COMPLY WITH
DECISION NO. 67439 DOCKET NO. W-01445A-04-0453

Attached is the Responsive Staff Report for this application. Staff recommends approval of the request for a time extension to comply with Decision No. 67439.

EGJ:LAJ:red

Originator: Linda Jaress



On August 16, 2006, Arizona Water Company ("Arizona Water" or the "Company") filed a request for an extension of time to comply with a portion of Decision No. 67439, dated December 3, 2004. The compliance at issue is related to the requirements to file a developer's Certificate of Assured Water Supply, a main extension agreement and a Certificate of Approval to Construct. On September 1, 2006, Staff filed a response to the request for a time extension and indicated no objection.

Four Procedural Orders were issued regarding the time extension culminating in the ordering of a hearing on the matter, the filing of direct testimony from the Company and the filing of responsive testimony or Staff Report from Staff. On December 8, 2006, the Company filed its direct testimony. Staff has read and considered the Company's testimony filed December 8, 2006, and remains in support of the extension of time.

The Company's testimony explains that the developer has made significant progress toward development, including having the City of Coolidge annex the development. This action, along with the need for a current, neighboring development to receive adequate fire flow from the plant planned for the new development in the extension area, supports the continuing need for the extension. Nothing on the record indicates that Arizona Water or the developer are purposely taking action to avoid progress in the development.

Staff is not aware of any adverse public impact of granting the extension. However, denial of the time extension could result in adverse business consequences to the developer. Staff believes that the Company's request for a time extension should be granted.

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Docket No. W-01452A-05-0082

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